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ABSTRACT

Case studies of five Tennessee state colleges where pilot projects in performance funding were undertaken are presented. The Performance Funding Project of the Tennessee Higher Education Commission is designed to explore the feasibility of allocating some portion of state funds to institutions on a performance effectiveness criterion as compared to an enrollment criterion. The pilot projects are designed to explore the development of institutional goals related to instructional impact and to identify and test indicators related to those goals. The five colleges that are discussed are: Chandler State Community College, Harpeth College, Guyman State University, The University of New Winston, and The Two Rivers Technical Institute. Institutional setting and goals and performance indicators of each college are examined. Data are appended on performance indicators regarding student enrollment and test scores, employment of full-time and part-time faculty, faculty salaries, alumni giving, research proposals submitted/funded, instructional program developments, degrees awarded, employment of administrators, facilities, and finances. (SW)

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CASE STUDIES IN PERFORMANCE FUNDING

The Performance Funding Project

HE 012 175

TENNESSEE HIGHER EDUCATION COMMISSION

CASE STUDIES IN PERFORMANCE FUNDING

TENNESSEE HIGHER EDUCATION COMMISSION

JUNE 1977

PERFORMANCE FUNDING PROJECT

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FOREWORD

The purposes and activities of the Performance Funding Project sponsored by the Tennessee Higher Education Commission are outlined in another publication entitled "Status Report and Plan of Action." The project is designed to explore the feasibility of allocating some portion of state funds to institutions on a performance effectiveness criterion as compared to an activity or enrollment criterion.

Several public institutions and the two governing boards of the state, the University of Tennessee Board of Trustees and the State Board of Regents, are now engaged in pilot projects related to the Performance Funding effort. These pilot projects are designed to explore the development of institutional goals related to instructional impact and to identify and test indicators related to those goals.

This series of case studies is intended as a support document to those pilot project efforts and is a companion piece to another publication entitled "Models in Higher Education Evaluation: Explorations in Policy Intent and Impact." The purpose of the case studies is stimulative, to explore in hypothetical format some approaches to performance funding.

The case studies will have served a good purpose if they lead those participating in the Performance Funding Project to better ideas, ideas that would be an effective combination of daring and practical possibility. Project staff invite response to these case studies, feedback that addresses not only strengths and limitations of ideas found in the case studies but to other concepts of "Performance Funding" that might prove workable.

TABLE OF CONTENTS

PAGE

I. Chandler State Community College.....1

II. Harpeth College.....8

III. Guyman State University.....15

IV. The University of New Winston.....23

V. Two Rivers Technical Institute.....33

CHANDLER STATE COMMUNITY COLLEGE

A CASE STUDY IN PERFORMANCE FUNDING

The Institutional Setting

Located in an active and thriving farming region, the town of Chandler is favored by several small industries. These include a poultry processing plant, a carton and container manufacturing firm, an electronics assembly plant, and a firm manufacturing automobile exhaust systems. Within twenty miles of Chandler is a state prison.

Chandler State Community College is the only state supported institution in this town of 16,500. Also located in Chandler is Trinity College, a 900 student church related liberal arts college. Opened in 1962, Chandler now enrolls approximately 3,500 students in a variety of career and college transfer programs. Most students aspiring to the bachelor's degree will attend Valley State College located 50 miles away. Among the more active career programs are those in agribusiness, veterinary assistant, manufacturing technology, and law enforcement. These programs reflect Chandler's attempt to develop those programs which are responsive to and supportive of community needs.

During the past five years, the enrollment at Chandler has continued to grow at a modest rate but well below the active growth years of the 1960's. Developed during the past three years, an active continuing education program continues to attract a large number of community participants to a variety of non-credit courses, workshops, seminars, and conferences.

Also resident on the Chandler campus is an upper division and graduate center. Two bachelor's degrees are offered in the center: a Bachelor of Arts sponsored by Trinity College and a Bachelor of Professional Studies offered by Valley State College. Valley State University also offers limited course work at the graduate level in Education and Business Administration. Efforts are underway to explore the feasibility of offering master's degrees in both fields at the center.

One of eleven community colleges in the state, Chandler is governed by the State Community College Board. The executive officer of this board is the Chancellor, and he is supported by a staff of ten. This Board is one of three governing boards in the state for public higher education. A Board of Visitors governs the oldest state university and four regional campuses, two of which are joint centers with State College institutions.

A Board of Trustees governs a doctoral university with an engineering history and six regional state colleges, which includes Valley State College.

Institutional Goals

The Chancellor of the State Community Colleges has asked each of the community colleges to organize their goals in two clusters -- instructional goals and institutional development goals. Since the last self study of 1972, Chandler Community College has continued its allegiance to these broad goals:

(1) To provide programs of technological and preprofessional study for those students desiring entry into career fields upon the completion of two years of college work.

(2) To provide an academic program that will prepare students for transfer to senior institutions upon completion of two years of college work.

(3) To provide a program of continuing education for those students desiring professional development or personal enrichment.

(4) To establish a climate of care and concern so that a sense of community is nurtured by the college, a community that provides a challenge to individual ability and that maximizes the possibilities for individual goal achievement.

(5) To serve as a cultural and civic center for the community of Chandler, offering the use of facilities and campus programs in the arts and in public policy forums, programs designed to promote profitable use of leisure time and better citizenship.

In addition to these goals, the Chancellor asks that each of the eleven community college presidents present an outline of institutional development goals early in the fall of each year. Presidents have an opportunity to explore these goals individually with the Chancellor and in a fall staff retreat with their colleagues. For the coming year, President Stauffer has outlined these developmental aspirations for Chandler:

(1) To place in service an instructional development center for those students needing to refresh or improve their basic skills. This program is intended as a non-credit option jointly financed by a $25,000 grant from the Chandler City Council and several smaller grants from local industries.

(2) To explore with Valley State College an articulation agreement that might allow students completing career programs in selected fields to transfer at a later date with maximum transfer of credit through proficiency examinations and credit validation procedures.

(3) To implement a faculty exchange program with local school systems, industry and government agencies. This is a part of Chandler's commitment to a "dignity of labor" theme and its conviction that the exchange experience will enrich its instructional program.

(4) To complete a study on the use of adjunct faculty. During recent years, Chandler has utilized a number of adjunct faculty to support its instructional programs. While this practice has been recongized for its fiscal advantage and for the building of bridges with community, the program has begun to receive some criticism. This study will examine the effectiveness of adjunct faculty from several perspectives. The Center for Higher Education at State University is being asked to coordinate this study.

(5) To examine criticism recently directed at the college that too many of its graduates were ill prepared in basic skill areas. A number of letters from industry personnel officers and local newspaper stories have caused President Stauffer and his staff to believe that this is a matter needing examination.

(6) To study the feasibility of acquiring a proprietary school offering a program in aviation technology. This school is currently attracting students from a wide geographical area, is regionally accredited but desires association with a state supported institution. This study will involve a cooperative inquiry by the staff of the State Community College Board and the staff of the State Coordinating Commission for Higher Education.

Performance Indicators and Annual Report

In the summer of each year, each of the eleven community colleges submits an annual report to the Chancellor, a report outlining both instructional goals and institutional development goals. Also contained in this report are data and evidence in support of goal achievement. How this report is utilized in the performance funding process is detailed in the next session.

For the annual report to be presented to the Chancellor at the end of the current year, Chandler State Community College will

include an abstract of each of the study activities (for institutional development goals) previously outlined. These abstracts will describe the original intent of each study, the processes and persons involved, a status and/or progress summary, and an outline of recommendations and/or action steps taken if appropriate. Full reports of each study group are transmitted in a supporting document separate from the annual report.

As indicators related to the previously outlined instructional goals, Chandler anticipates these supporting data profiles:

(1) A 25% random sample survey of the previous year's graduating class in career programs showing selected academic data and post graduating activity, such as current employment, title, salary, etc. A sample of this report is shown in Attachment A.

(2) A transfer followup study of a 25% random sample of the two previous years class showing selected academic data and their current academic enrollment and status. A sample of this report is shown in Attachment B.

(3) Chandler will participate during the coming year in a Chamber of Commerce Community Survey. This survey will provide a "community participation and confidence index", an index indicating frequency of interaction of citizens with the college, the kind of interaction, and some expression of satisfaction.

(4) The Student Reaction to College instrument marketed by Educational Testing Service will be administered to all graduating students at the end of this year. The profile of this report will be included with a descriptive abstract of results.

(5) For the coming year, the Journalism Department at Valley State College has been asked to maintain a portfolio of newspaper clippings related to Chandler, to classify and organize these along with reports on local radio and TV coverage, with special focus on civic and cultural events at the college. An interpretative abstract of these materials will be filed with the annual report, and the enrire portfolio as a supporting document.

Evaluation and Funding

By agreement with the State Coordinating Commission for Higher Education, the Governor's Office and the State Legislature,

the Chancellor of the State Community College Board is empowered to hold a "Performance Escrow" account on each institution, an amount equal to 2% of its final state appropriation. The amount released to the institution from this account at the end of each operating year is contingent upon an evaluation by a Performance Assessment Council established by the Chancellor.

The Performance Assessment Council is composed of five members as follows:

(1) The Director of a nationally recognized Center for Higher Education, himself a former community college president.

(2) Three lay members from over the state -- jointly appointed by the Chancellor and the Director of the State Coordinating Council for Higher Education. Each of these three lay members must be a graduate of one of the state community colleges.

(3) A community college president from an out-of-state institution.

This Council convenes for two days in the summer of each year, reviews the institutional annual reports, receives any additional reports or presentations they believe to be appropriate and recommends to the Chancellor an award from the Performance Escrow Account. The amount of the award must be agreed upon by every member of the Council. Funds not awarded from the Escrow accounts are made available to the Chancellor for his use in the operation of a Faculty and Staff Recognition Program.

ATTACHMENT A - FOLLOWUP STUDY OF CAREER GRADUATES

BIOGRAPHICAL AND ACADEMIC DATA		POST GRADUATION DATA	
I. D. No.:	413-46-0998	Status:	Employed
Sex:	Male	State:	Wonderland
Race:	Caucasian	Employer:	Troxal Industries
Age:	27		
*ACT Comp:	16 (19%)	Position:	Quality Control Supervisor
**APL Total:	26 - Average		
Major:	Manufacturing Technology	Salary:	$9,500
		***Employer Rating:	Excellent
I. D. No.:	315-68-9873	Status:	Employed
Sex:	Female	State:	Wonderland
Race:	Black	Employer:	Richland Nurseries
Age:	26		
*ACT Comp	18 (21%)	Position:	Manager
**APL Total	36 - Above Average	Salary:	$12,500
Major:	Agribusiness	***Employer Rating:	Outstanding

* This is the American College Testing Composite Score upon admission to Chandler State. Given here is the standard score and the percentile for national norms for community college students.

** Managed by the American College Testing Program, The Adult Performance Level (APL) assessment program measures proficiency in five content areas--community resources, occupational knowledge, consumer economics, health, governmental and law. These content areas include proficiencies necessary for minimal level of educational and economic success in American society. The APL also assess performance simultaneously in five skills areas--identification of facts, reading, writing, computation, and problem solving. The APL Survey is a 40 item survey with no time limit. Score reports are available for individuals and for groups. Ratings of both individual and group performance are as follows: Below average (in lowest 15%), Average (in middle 60%), and Above Average (in top 25%). Ratings are based on distribution of student norming sample.

*** Employers are asked to rate their satisfaction with graduates on a five point scale as follows: Poor, Good, Satisfactory, Excellent, Outstanding.

ATTACHMENT B - FOLLOWUP STUDY OF TRANSFER GRADUATES

BIOGRAPHICAL AND ACADEMIC DATA

I. D. No.:	411-68-9364
Sex:	Female
Race:	American Indian
Age:	20
ACT Comp:	20 (60%)
APL Total	34 Above Average
MAJOR:	Business
Cum. G.P.A.:	2.9

POST GRADUATING DATA

Status:	Attending Full Time
State:	Wonderland
Institution:	Valley State College
Major:	Business Administration
Cum. G.P.A.:	2.7

HARPETH COLLEGE

A CASE STUDY IN PERFORMANCE FUNDING

A pleasant departure from the usual profile of state supported institutions, Harpeth College is a public liberal arts college of approximately 1800 FTE students. By action of its governing board, the College has a permanent enrollment ceiling of 2,000 FTE students.

Harpeth College is located in the small town (5400 population) of Mullins Chapel. Mullins Chapel is primarily a college town. However, there are several small industries within a five to ten mile radius. Within a ten minute drive are two campground and retreat centers operated by church groups. The nearest city of any size is Elizabethtown, with a population of approximately 150,000. A major private institution, Providence University, is the principal institution of higher education there.

A profile of the Harpeth student body would show that most of the students are recent high school graduates, that 90% of the students are from within the state. Harpeth College has an admissions policy with a modest "floor" of academic expectation but designed to produce diversity in its student body. Thus, the College does not serve an academic elite in the usual sense of the term. However, most Harpeth students will have shown in their high school record evidence of independence and exemplary performance--in academic study, in student life (in athletics, music, journalism, etc.) About 50% to 60% of Harpeth graduates will typically enter graduate study immediately following their graduation; this includes those going on to professional work.

Within the program scope of the College are B.S. and B.A. programs in most of the arts and science fields. Those enjoying high reputation in academic circles over the state include programs in the sciences, performing arts, and philosophy-religious studies. Students may pursue programs in traditional majors but may also elect an individually designed program approved by a committee of College faculty. The opportunity to demonstrate proficiency in most courses, including performance and skill courses, is readily available.

The curricular structure of the College also includes provision for "thematic" studies of special interest to faculty and students. Offering of these courses is subject to review by the College curriculum committee which has published guidelines on the preparation and offering of these courses. A second feature

of the curriculum is the option of "Individual Inquiry," which is primarily a tutorial opportunity of directed research, reading, or other special project under faculty supervision. Finally, the College curriculum is distinguished by a series of interdisplinary courses at the freshman level primarily in general education. Included here are such courses as "Man and Society," "Man and Environment," etc. At the senior level the general education program of the college offers a series of interdisciplinary seminars with rotating themes. During the current term seminars were offered in "The Economics of Environmental Pollution," "The Chemical and Biological Bases of Learning," "Authority and Freedom in Democracy."

An important requirement of graduation from Harpeth is that each student is expected to present a work reflecting some independence. This work may take the form of a major paper, a taped performance, a work of art, a case study of a work experience. The requirement is that the work reflect the student's independence in the design, execution, and reporting of inquiry. Student works are kept on file in the College library.

Students are expected also to develop a "double major". This would include an emphasis in one of the art and sciences that reflects indepth knowledge and mastery of an intellectual inquiry skill. The second emphasis, which may occur within the A & S major, must equip the student for meaningful work. By arrangement with Providence University in Elizabethtown, Harpeth students are able to take courses in business, education, and journalism--which some students use to satisfy the above requirement.

Though most of the students live in residential housing, or in apartments adjacent to the campus, all students are encouraged to hold part time jobs. This encouragement is part of the College philosophy which links knowledge and action. This same emphasis extends to Harpeth faculty, most of whom will be actively involved in a work setting during the regular year or during the summer. Such work may involve consultation, research, exchange internships.

Institutional Goals and Indicators

Harpeth College is participating in a relatively new development in regional accreditation. The Mid West Association of Colleges and Schools (MWACS) has suggested in recent policy deliberations the desirability of including review of performance measures in its accreditation visits. To that end, institutions up for review by MWACS are being offered opportunity to participate under either the old or the revised "standards" for accreditation. Most institutions are volunteering to participate under the new guidelines which require that institutions offer a series of performance indicators which provide. . .

(1) A profile of students upon entry to the institution.

(2) A profile of students upon exit--including most importantly measures of development in general education and in the student's major field of study.

(3) A profile of selected graduates--a random sampling of graduates from one, five, and ten years.

(4) A measure of educational climate.

The standards encourage a clear statement of institutional goals and identification of indicators that provide public evidence on goal attainment. Goals and associated indicators developed by Harpeth College are given in Attachment A.

Performance Funding

Work completed on institutional goals and indicators is also being utilized by Harpeth for their participation in a recently implemented state program in Performance Funding. The essential features of that program are as follows.

The state of Remington currently utilizes an enrollment driven appropriations formula very similar to that utilized in Tennessee (See Attachment B). The basic mechanism of the Remington Performance Funding Policy is the allocation of a special fund of $2,000,000 in the formula based on evaluation of Performance Projects completed by institutions during the year preceding the appropriations process.

For the fall appropriations cycle, the sum of $2,000,000 has been designated in the formula as the Performance Funding Allocation. The purpose of this fund is to provide an allocation allowance that both promotes and rewards performance improvements in instruction.

During the year preceding this appropriations cycle, institutions were invited to undertake performance based projects that might serve any of these state goals, listed in order of preference.

(1) To clarify and sharpen institutional mission by the identification of institutional goals in instruction, the development of associated performance indicators, and the presentation of data on these indicators.

(2) To establish a program of quality assurance by the specification of minimum essential attainments required for the basic degree (associate or bachelor's), the identification of measures or indicators used to assess these attainments, the specification of a minimally accepted performance level, and the presentation of data on student performance.

(3) To improve the quality recognition of educational programs and the presentation of evidence that a given instructional program has quality recognition beyond the state and region.

(4) To provide opportunities for faculty development and growth and to present evidence that such programs have in fact contributed to faculty strength.

(5) To improve the retention of students by the design and execution of counseling, developmental programs and to present data which reveals evidence of improved retention.

(6) To develop an institutional "prospectus" which outlines the mission and student clientele served by the institution, including the presentation of data on student biographical and ability profiles.

Institutions could choose among these goals and were free to design projects that could serve the goals in diverse ways, ways suitable to the mission and climate of the institution. The common element of all projects, however, is the presentation of public evidence that will allow evaluation of the extent to which performance goals were met. The process and criteria by which projects will be evaluated are as follows.

Institutions electing to participate in the Performance Funding competition will have submitted a report on their projects to the Commission by September 1. These reports will be evaluated by a Performance Funding Panel composed of the following members appointed by the Executive Director of the Remington State Coordinating Commission:

(1) Executive Director of another state level coordinating agency

(2) President or academic officer of a research university from another state

(3) President or academic officer of a regional university from another state

(4) President or academic officer of a community college from another state

(5) Nationally recognized scholar in higher education

This panel will convene in September to evaluate reports submitted against the following criteria:

(1) Relationship of the project to the previously outlined performance goals.

(2) Extent of the institutional investment and effort represented in the project.

(3) Extent to which the project involved and affected the entire institution.

(4) Extent to which the project has potential transfer to similar institutions.

(5) Extent to which the project provides public evidence of goal achievement.

(6) Potential for the project continuing to have a beneficial impact upon instruction.

(7) Extent to which the project presents a responsible image of higher education to the public.

The $2,000,000 will be allocated to participating institutions on the basis of the following guidelines:

(1) The projects will be rank ordered by the Performance Funding Panel.

(2) The lead institution will be awarded a formula allocation from the $2,000,000 equal to:

(a) 1% of its recommended state appropriation if that appropriation is over $20.M (or its enrollment exceeds 20,000)

2% of its recommended state appropriation if that appropriation is between $10.0M and $20.0M (enrollment 15,000-20,000)

3% of its recommended state appropriation if that appropriation is less than $10M but more than $5.0M (enrollment 5,000 to 10,000)

4% of its recommended state appropriation if that appropriation is less than $5.0M (enrollment less than 5,000)

OR

(b) An amount not to exceed the above but decided unanimously by the Panel.

(3) The second institution in the ranked list will next receive an award and similarly down the list until the $2,000,000 special fund is exhausted.

The report submitted by Harpeth was ranked first by the previously described evaluation panel. Harpeth has a recommended state appropriation of $3.6 million for the coming year, and thus will have 4% of that, or $144,000, added to its appropriation request.

ATTACHMENT A

INSTITUTIONAL GOALS AND PERFORMANCE INDICATORS

GOALS	
(1) To graduate students who have developed indepth mastery of a field of knowledge in the Arts and Sciences	Performance on the Field Tests of the Undergraduate Assessment Program of ETS.
(2) To produce students who are familiar with major modes of intellectual inquiry--analytic, aesthetic, integrative	Performance on the Area Examinations of the Undergraduate Assessment Program of ETS
(3) To equip students with basic intellectual skills of reasoning and problem solving	Performance on GRE--verbal, quantitative, analytical
(4) To provide students with a knowledge and sensitivity to other cultures, including indepth exposure to one culture other than American	
(5) To graduate students who can communicate both in writing and speaking	Performance on Harpeth College Communication Proficiency Examination
(6) To equip students for independence and sustained inquiry and curiosity	Presentation of "Creative Component" for Bachelors degree (described in text)
(7) To develop concerned and involved citizens	Survey of recent graduates. Use of measures of "Student Development, Process, and Attainment" as described in the Higher Educatio Evaluation Kit published by the Center for the Study of Evaluation University of Califor at Los Angeles
(8) To promote student sensitivity to the ethical dimensions of living, the formation of values.	Performance on Pre-Post Test of Harpeth Inver of Values.
(9) To establish a climate of curiosity, caring, on the part of both faculty and students.	Measures of "College Environment, Faculty-Stu Relations, and Campus Morale as described in UCLA Higher Education Evaluation Kit (see abo

GUYMAN UNIVERSITY

A CASE STUDY IN PERFORMANCE FUNDING

Institutional Setting

Guyman University is a state-supported university of approximately 12,500 headcount students. Located in the capital city of Regina, population of about 150,000, the University was founded in 1925. It has continued its enrollment growth since that time, with most rapid growth in the decade of the 1960's and a slowing growth rate in the last five years.

The University is primarily a commuter institution, with about 2,000 students living in dormitories or other university housing. Classes begin at 6:30 in the morning and conclude at 10:30 in the evening. Selected courses are also offered on the week-ends. The majority of students work while attending school. Of the 12,500 students, approximately 2,500 are graduate students.

Programs of the university include offerings in four colleges --Arts and Sciences, Business Administration, Education, and Applied and Professional Studies. Masters programs are available in most of the departments comprising these four colleges; and a single interdisciplinary doctoral degree in Administration is offered--with specialties available in Health Care Administration, Business Administration, Public Administration, and Educational Administration. The College also offers an inverted curriculum leading to the Bachelor of Technology degree in conjunction with the two-year Regina Technical Institute and Community College.

Institutional Goals and Objectives

For purposes of giving operational expression to its mission, Guyman University every two years updates and publishes a "Statement of University Goals and Objectives." This statement is printed in newspaper format and distributed widely to students, faculty, and to community. Though the statement offers goal and objectives statements in each of the primary missions--instruction, research, and service--and acknowledges the close interaction of these, reported here are those goals that speak to the instructional mission only. Goal statements are organized into three categories, with goals for the current year abstracted as follows:

I. Development Goals - those statements of intent reflecting the University's attempt to maintain a constant sense of renewal and adaption. Developmental goals may include statements in the areas of program, personnel, and policy. . .

(1) To explore the feasibility of a "Contract Degree Program" at the masters degree level, a program that might permit selected graduate students to design--with faculty guidance and approval--individual programs from existing masters level course program resources.

(2) To examine the effectiveness of undergraduate advising as perceived by both students and faculty and to suggest ways of improving this service to students.

(3) To explore the need for a student appeals process in the area of academic practices and grading. Several indicators suggest the possible need for students to have a formal source of appeal on matters related to grading and academic practices.

(4) To evaluate the function of small enrollment classes. The institution's governing board has suggested that the University may have too many small enrollment classes. The purpose of this study is to examine the validity of that suggestion and to report on its findings to the governing board.

II. Operational Goals - those statements of intent reflecting the ongoing responsibilities and aspirations of the University in its instructional programs. . .

(1) To equip students with competence for acquiring and applying knowledge.

(2) To foster the idea that learning is a continuing process and to develop a sustaining curiosity.

(3) To promote an awareness of the breadth of human intellectual achievement and modes of intellectual inquiry.

(4) To encourage an understanding of value systems--personal and social--and the manner in which values are developed.

(5) To develop the knowledge and skills necessary for entry level work in appropriate career fields.

(6) To provide opportunities for students to enhance their personal development and growth through other-culture experiences.

(7) To maintain a campus climate which will foster a sense of community, responsibility, and personal care.

III. Serendipity Achievements- are those achievements not given as major goals at the beginning of a year but representing the University's effort in responding to unanticipated opportunities or problems. Achievements to be reported for the current year include: (1) acceptance of an invitation from a local private institution to establish a joint undergraduate degree with a major in "Religious Studies," and (2) response to a concern raised by the Regina Technical Institute and Community College on transfer problems.

Indicators of Goal Achievement

As a means of assessing the extent to which the University is achieving its instructional goals, the University develops, at the end of every two years, a report to a "Board of Visitors." The functions, composition, and activities of this "Board" are described in a latter section. The report is one of the information inputs utilized by the BOV to evaluate the institutional achievement. Included in the report is the "Statement of Goals" for the previous two-year period and other elements as follows:

(1) For Assessment of Developmental Goals and Serendipity Achievements - the BOV is supplied with a report on each activity begun and/or completed during that period. These reports are accompanied by a one-page abstract; brevity and crispness of style are emphasized.

(2) For Assessment of Operational Goals - the BOV is provided with these indicators and informational profiles.

(a) Institutional Profile on the "Institutional Functioning Inventory." This is a standardized "institutional climate" inventory published by the Educational Testing Service.

(b) Student Performance Profile on Guyman Record of Academic Development (GRAD). Developed by the ACT Corporation especially for Guyman University, GRAD is an instrument for assessing general education competencies. Areas of competency explored in GRAD include a familiarity with modes of intellectual inquiry, reading skill, analytical skill, and familiarity with social, political, and economic heritage. Difference or "value added" scores are established by administering the examination to matched pairs (on the basis of ACT composite scores) of freshmen and current graduates.

(c) Community Confidence Profile. Every two years Guyman commissions a local survey agency to conduct a limited public opinion poll which provides a profile indicating (a) the extent to which citizens of the community have had contact with the University, (b) the kind and intensity of the contact, and (c) the satisfaction of citizens with that contact and with the University's role in the community.

(d) Alumni Performance and Contribution Profile. Every two years the University conducts a random sampling of alumni from the previous two years and develops an "Alumni Profile" providing the student's name, degree and major, current occupation (title, salary, company) or other activity (additional schooling, where, what degree, etc.). Also included along with this profile is a report on alumni giving to the University Foundation.

(e) Student Case Study Profiles. The BOV is also provided with a case study report on a 10 percent random sampling of recent graduates (approximately 100-150 student records). These case study profiles contain in brief form (no more than four pages) the following information.

(1) A one or two paragraph biographical and academic sketch giving the student's high school background and academic aptitudes (ACT and high school averages), along with limited socio-economic data.

(2) An evaluative essay in which the student is asked to reflect on and evaluate his college aspirations upon entering, the quality of his college experiences measured against the goals previously outlined, and his graduation plans. The student will also be asked to comment on the quality of effort he invested in his college experience.

This case study approach permits the BOV to assess student perception of institutional contribution to several of the goals previously outlined. It also provides a sampling of student writing and composition ability.

Indicator Evaluation - A Board of Visitors

To analyze and evaluate the indicators previously described, Guyman University makes use of a Board of Visitors, which is convened every two years. The principal function of this Board of Visitors is to evaluate the extent to which University goals have been achieved and to provide some overt expression of this performance over a two-year period. In addition to evaluating the extent of goal achievement, the Board of Visitors will also evaluate the rigor and quality of goals and the appropriateness of indicators related to these goals.

Members of the Board of Visitors are 12 in number with membership and selection as described below. The institution may make nominations or suggestions in each case, but final determination of membership is by joint agreement between the institution's governing board and the state coordinating commission for higher education.

(1) A lay member of the state's coordinating commission for higher education.

(2) A lay member of the institution's governing board.

(3) A lay member of the institution's "community."

(4) A member from the state's General Assembly.

(5) A president from an out-of-state institution of similar mission and environment.

(6) An academic officer (vice president/dean) as in (5).

(7) A fiscal officer as in (5).

(8) A nationally recognized scholar/authority in higher education.

(9-12) A faculty member from four out-of-state institutions similar in mission and environment, at least two of which must be from out of the Region.

The honorarium and travel expenses are paid by the coordinating commission for the state in which Guyman is located. The total expense for the three-day visit is estimated at $6,000.

Guyman University provides the Board of Visitors with reports as outlined in the previous section. This information is provided four weeks in advance of the three-day on-campus visit. During this three-day visit the BOV may request such other data as it may desire on goal achievement. Further, the BOV may request interviews with selected campus/community personnel. Included here would be chairman of task force groups that engaged those goals outlined in the development area. The BOV may also request interviews with selected students whose case studies were provided in the advance materials.

The chairman of the BOV will ordinarily be the president from the out-of-state institution, but may be another person jointly appointed by the institution's governing board and the state coordinating commission. The chairman will be responsible for all activities of the Board of Visitors, for arranging on-campus assignments and differentiation of work during the visit.

Final evaluation of the Board of Visitors takes the form of a single integer ranking on a scale from one to ten, with interpretations as follows:

1	2	3	4	5	6	7	8	9	10
	Low			Moderate				High	

The ranking of the Board of Visitors is a unanimous recommendation. That is, each member of the Board must endorse the final evaluation given. This numerical ranking is then used in the state appropriations and budgeting processes to recognize the institutions level of goal achievement.

Evaluation and Funding. To establish an incentive for institutions to engage in serious study of goal definition and assessment, the state in which Guyman University is located attempts to relate performance and funding. Three methods of doing this are currently under consideration.

One of those methods involves a "multiplier" attached to the current credit hour formula. Under existing appropriations procedures, each institution in the state in which Guyman is located prepares an appropriations request in the summer and fall of each year. This appropriations request revolves largely around the development of a projected credit hour matrix, in which the institution projects the number of student credit hours by discipline, or field of study, and level of instruction (lower, upper, graduate, etc.). These credit hour figures are then multiplied by a "unit cost" figure which is derived from instructional cost studies conducted every two years. The formula funding approach is very much like that currently used in Tennessee.

Under the performance funding method being suggested as a first alternative, each institution's I & DR appropriations request is "multiplied" by a "percentage" figure derived from the BOV evaluation. For example, if the I & DR portion of Guyman's appropriation request produced a recommended figure of $15,000,000 for the coming year and if the BOV established an index of "7" in its evaluative review, then that $15 million figure would be multiplied by 0.7, increasing the recommendation by $105,000.

A second method of performance funding now under review by the Governor's office would impound 2 percent of each institution's final appropriation. The amount of that impoundment that is released at the end of the year to be carried forward into the next year is dependent again on the evaluation index recommended by the BOV. For example, Guyman's final appropriation for the last fiscal year was $13,500,000. If 2 percent of that amount had been impounded, the amount withheld until the end of the year would have been $270,000. And if we assume the same evaluative index of "7" for Guyman, then it would have been authorized to draw down 70 percent of this impoundment, or $189,000, at the end of this last year. The remainder of the impoundment would have been returned to the General Fund to be used in a Venture Fund, a state level foundation program utilized to support innovative instructional ventures with awards on a competitive basis.

A third approach to performance funding now enjoying some favor among legislators in the state in which Guyman is located is this. The legislature anticipates the possibility of "earmarking" a portion of each year's appropriation to higher education specifically for performance funding. The percentage widely discussed varies from 2 to 5 percent. The method of distribution would again turn on the evaluative index for each institution, but with an enrollment feature. Let us assume that the legislature made available 2 percent of the total appropriation for institutions in the state in which Guyman is located. Last year that would have been $6 million.

The total amount of $6 million is first distributed by institutional sector on the basis of enrollment. For example, during the last year, the five community colleges accounted for 30 percent of the state's total headcount enrollment, the four comprehensive universities (of which Guyman is one) accounted for 40 percent, and the two research universities accounted for the remaining 30 percent. Thus, $1.8 million would be distributed to the two doctoral granting universities, and $2.4 million to the four comprehensive universities.

The distribution of money on a performance basis among the four comprehensive universities would have been based on the relative "evaluative index" for each of the four universities. For example, let us again assume that Guyman University had an index of "72," and each of the three other universities had indices of "5," "7," and "6" respectively. Guyman University would have received 7/25 of the $2.4 million, while its sister universities would have respectively 5/25, 7/25, and 6/25.

Since each of these methods of relating performance to funding has imperfections, there is a good deal of conversation about which of these might be most effective in providing some incentive and reward for effective performance, or whether there might be some other methods. There is little disagreement, however, that the incentive of relative funds to performance has caused more serious attention to the question of educational effectiveness on all campuses within the state. A task force is currently dealing with this challenge.

THE UNIVERSITY OF NEW WINSTON

A CASE STUDY IN PERFORMANCE FUNDING

Originating in the 1870's as New Winston Agricultural and Mechanical College, The University of New Winston is the oldest and largest institution of higher education in the state of New Winston. Located in Loren, a small city of 50,000 within forty miles of the capitol city of Hillsborough, the University is a doctoral institution with an enrollment of approximately 24,500 headcount students.

For the forty year period between 1920 and 1960, the University grew in steady fashion from approximately 5,000 students to 12,500. In the rapid growth years of the 1960's, enrollments more than doubled, reaching a peak of 27,500 in 1972. Enrollments declined for two years and then stabilized for the last two years at the current level. Students attending the University come from the entire state, and most live in dormitories or in residential areas surrounding the campus. A large contingent of out-of-state students (18%) attest to the University's fortunate location in a mountain resort area and to the attraction of its programs.

Heavily oriented to graduate studies and research, the University's programs are distributed over fourteen colleges and schools as follows:

College of Law
College of Performing Arts
College of Humanities
College of Social and Behavioral Sciences
College of Physical Sciences
College of Communication
College of Education
College of Engineering
College of Business Administration
College of Veterinary Science
College of Agriculture
College of Architecture
Robert Kraft College of Interdisciplinary Studies
Langdon Medical School

The Robert Kraft College is an experimental college unit of interdisciplinary and applied studies, and the Langdon Medical School is located in the capitol city of Hillsborough.

The University is recommended as a strong center of science and engineering, although a pattern of fifty doctoral programs also embraces advanced graduate programs in the professional schools (ED.D., DBA, J.D, D.M.A.) and in the Arts and Sciences. In a major

effort to target its resources, the University recently elected to terminate doctoral programs in astronomy, foreign languages, anthropology, and sociology. A School of Nursing on the main campus was also terminated, but a similar school at the Medical campus was retained. At the same time, the University opened a major new regional research center in energy. This center is partially supported by federal funding and a consortium arrangement with surrounding states.

Governed by a sixteen member Board of Trustees, the University has representation from each of the state's twelve congressional districts and four ex-officio members, including the Governor who is chairman of the Board. This Board of Trustees is independent in its operational control of the University, except for budget and program implementation. The New Winston Coordinating Council for Higher Education holds statutory responsibility for presenting a unified appropriations request to the Governor and House of Delegates and for reviewing all new academic degree proposals. Other higher education institutions in New Winston include New Winston State University, two comprehensive universities--Lindstrom State College and Baldwin State College--and four state community colleges.

Institutional Goals and Objectives

"Images of Tomorrow," is the title of the Report of a Centennial Commission on the future of the University of New Winston. Chaired by the Provost of the University, Donald K. Peterson, the sixteen member Commission was jointly appointed by President of the University Ernest A. Sanderson and Chairman of the Faculty Council R. Shannon Stanley. A re-examination of university mission and context was thought to be timely as the University closed out its first one hundred years in 1974 and looked forward to another hundred.

The diversity of membership on the Commission and the challenges of issues engaged created two years of lively and productive exchange among faculty, administrators, and students representing the entire University Community. That the Commission engaged substantive challenge can be verified by reference to some of the chapter titles in the report. . .

University Mission--Unity and Diversity in Tension

Varieties of Educational Experience--Liberal, Vocational, Professional Education

Governance--Collegiality versus Power in the University

Educational Quality--Expectations and Performance

Access and Opportunity--Growth and Progress: Are They the Same?

Curricular Integrity--Rationality versus Politics in Curricular Reform

Moral and Ethical Education in the University--Precept and Concept

Productivity in the University--Is Intent Matched by Impact?

Accountability--From Community to Bureaucracy in the University

Among the more important contributions flowing from the work of the Centennial Commission were several statements entitled "Challenges of Tomorrow." A brief interlude to examine a sampling of these may assist in fuller understandings of goals and indicators later presented.

A major theme underlying this section of the Commission report is that a cardinal challenge to the University is that of maintaining an artistic balance of tensions. For example, the University must remain hospitable to diversity and dissent and still honor some sense of unity in its concern for students. The intellectual purposes of the University include an obligation to affirm and an obligation to doubt. The educational mission of the University embraces a responsibility to have graduates who can both act and think--graduates who have reflective, analytic, and aesthetic capacity but who are also prepared to earn an honorable living in the world of work. Throughout the University, the Centennial Commission noted the need for respecting and promoting the concept of complementarity--of ideas in tension.

Flowing from that work were these decision dilemmas which constitute "Challenges of Tomorrow" . . .

(1) The promotion of community in a climate increasingly characterized by litigious inclinations.

(2) The need to establish and maintain high standards of educational performance balanced against the need for expanding educational opportunity.

(3) The preservation of flexibility in both program and personnel policy in the face of current trends toward greater rigidity in patterns of both.

(4) The encouragement of cooperation and renewal set against inclinations of concern about program and personnel security.

(5) The retention of institutional autonomy in times characterized by increased centralization of policy decisions.

(6) The need for reallocation of resources in an enterprise inclined to organizational inertia.

(7) The search for indicators of educational and administrative effectiveness without disturbing the fragile nature of the University.

(8) The need to sharpen University mission set against multiple expectations in instruction, research, and service.

(9) The necessity to continually adapt programs to changing external circumstances and yet carry on some programs that may not have immediate utility, wide demand, or popular acclaim.

Within this context, the University affirms its commitment to the general goals of instruction, research, and service and to the development and maintenance of high quality efforts in each goal area. It affirms the need to relate both research and service efforts to the instructional mission as a foundation. In all of its programs, the University aspires to assist its students in 1) acquiring those skills, concepts, and attitudes essential to the achievement of individual goals and 2) mastering those habits of inquiry necessary to a sustaining spirit of inquiry, for growth and response in a changing environment. Finally, the University affirms its commitment to renewal of purpose, and programs.

Indicators and Incentives

Recommended by the Governor and endorsed by the House of Delegates in 1974 was a performance funding program known as UPP-University Performance Profiles. Impressed with the possibility of bringing some global assessment to college performance effectiveness by means of multiple indicators, the House of Delegates requires that each of the two major universities in the state maintain a historical record of indicators as shown in Attachment A. Data found there are for the University of New Winston.

Definitions of each indicator were developed by a major task force operating under the direction of the New Winston Coordinating Council on Higher Education. In many cases, operational definitions of indicators were already available from previously used policies. Others were mutually adopted from definitions furnished by the National Center on Higher Education Management Systems of WICHE. And still others were developed out of the consensus of the Task Force.

Because of an upturn in the economy, revenues in New Winston have been extremely strong for the past three years. To support the UPP program, the Governor and House of Delegates took advantage of strong revenues by setting aside a Performance Funding Endowment of $15 million. The interest from this fund each year is distributed to the two major doctoral universities--The University of New

Winston and New Winston State University--on the basis of an evaluation by a panel chosen as follows:

(1) One university faculty member from another state jointly nominated by chairmen of the faculty senates on the two university campuses.

(2) One university president selected from another state and jointly nominated by presidents of the two universities.

(3) One nationally recognized scholar in higher education nominated by the New Winston Coordinating Council on Higher Education.

(4) One governing board member from another state jointly nominated by chairmen of the two university governing boards.

(5) One legislator from another state named by speakers of the House of Delegates.

(6) One state budget officer from another state nominated by the Governor.

This evaluation panel makes an award to each institution subject to the following guidelines:

(1) Each member of the panel must agree on the awards to be made.

(2) The panel is encouraged not to split the award evenly.

(3) The universities are encouraged to apply at least some of the funds in the form of policy based faculty incentive grants and/or salary bonuses.

In the report accompanying the award, the evaluation panel indicated that these factors weighed heavily on their assessment of the larger sum to the University of New Winston:

(1) Definitive and steady increase in black students, especially in graduate and professional schools.

(2) Steady increases in faculty productivity accompanied by increase in faculty confidence and satisfaction levels.

(3) Marked decreases in energy consumption accompanied by an increase in size of physical plant to be maintained and operated.

(4) Discontinuance of the four doctoral programs outlined previously in this case report.

ATTACHMENT A

PERFORMANCE INDICATORS

UNIVERSITY PERFORMANCE PROFILE

STUDENT PROFILE	1972-73	1976-77
Headcount Enrollment	27,610	24,528
FTE Enrollment	23,468	20,726
SCH Lower Division	181,152	162,045
Upper Division	116,024	110,060
Masters	31,181	30,206
Doctoral	18,729	15,124
% Out of State	19.2	17.9
% Foreign	1.2	1.5
% Black	4.2	7.6
% Full Time	78	76
% Part Time	22	24
% Income Less than $10,000	16.8	17.5
% Black Students Grad/Prof	1.1	2.9
% Women Grad/Prof	9.1	9.4
Student Satisfaction Index[1]	3.4	3.1
CEEB-SAT Freshmen		
Verbal	490	485
Quant.	540	526
UAP Area Exams[2]		
Humanities	450	461
Natural Science	531	536
Social Science	502	496
FACULTY PROFILE		
Full Time Faculty	1,012	942
Part Time Faculty	225	157
% Doctorate	7,890	86
% Tenured	65	71
% Full/Assoc. Prof.	71	75
Average Faculty Salary	16,200	16,815
SCH/FTE Faculty Lower	360	375
Upper	302	310
Masters	196	225
Doctoral	110	128
Faculty Satisfaction Index[1]	3.8	4.2
ALUMNI PROFILE		
Number Alumni Giving	12,176	15,762
% Alumni Century Givers/ABWE	490	825
Total Alumni Giving	556,000	727,400
Alumni Satis. Index[1]	3.6	3.4

RESEARCH PROFILE

Number Proposals Submitted		
Number Proposals Funded		
Total External Funded Research	20,293,000	26,170,000
Federal	19,161,000	24,066,000
Foundation	672,000	1,525,000
State/Other	460,000	579,000

PUBLIC SERVICE PROFILE

	1975-76	1976-77

INSTRUCTIONAL PROGRAMS

Degrees Awarded Bachelors	4,619	4,200
Masters	1,617	1,581
Doctorate	481	362
Degree Majors Added		
Bachelors	0	
Masters	4	
Doctorate	0	
Degree Majors Added		
Bachelors	0	
Masters	1	
Doctorate	4	
Weighted Average Class Size		
Bachelors	28	26
Masters	9	9
Doctorate	4	4

ADMINISTRATION PROFILE

Full Time Administrators	156	121
Average Administrator Salary	23,970	24,500
Full Time Support Staff-Secretarial		
Other		

FACILITIES PROFILE

Land Area	316 Acres	354 Acres
Gross Square Footage	8,246,400	8,726,000
Assignable Square Footage	5,961,000	6,234,000
Estimated Replacement Value	278 M	291 M

FINANCE PROFILE

Total E & G Budget	71,603,000	77,505,000
State Appropriation	49,121,000	54,024,000
State Appropriation % Total Budget	68.6	69.7
State Appropriation/FTE Student	2,093	2,606
Maintenance Fee (annual)	530	625
Debt Service/FTE	$ 17	$ 17
Out of State Tuition	$1500	$1800

	1975-76	1976-77
E & Expense	96,241,000	91,897,000
Auxiliary Enterprise Net	1,792,000	1,946,000
Food Service Expense Net	545,000	529,000
Bookstore Expenses Net	792,000	695,000
Housing Expenses Net	427,000	409,000
Administration % E & G Budget	10.2	9.9
Instruction % E & G Budget	51.2	51.6
Library % E & G Budget	5.4	5.4
Academic Support % E & G Budget	11.0	11.2
Organized Research % E & G Budget		
Public Service % E & G Budget		
Student Services % E & G Budget	6.1	5.3
Electricity Gross KWH	74,150,000	72,245,000
Electricity Gross Expenses		
Coal Tons Used	21,456	21,760
Coal Expenses		
Gas Cubic Feet	22,457,000	22,412,000
Gas Expenses		
Water Gross Gallons Used	425,000	412,000
Water Expenses		
Phone Expenses		
Maintenance & Operation/Square Foot	1.76	1.71

NOTES ON INDICATORS

[1]Each year New Winston Polimetrics, a privately owned policy evaluation firm, conducts surveys for both of the doctoral universities. These survey include random samples of students, recent alumni, and faculty. The survey takes the form principally of a rating of the institution in a simple five item Likert Scale and two open ended questions of a "critical incident" nature, questions asking for most positive feature or contribution of the institution and the one step that could be taken to improve the University. Results are independently reported to each University and to the New Winston Coordinating Council on Higher Education.

[2]Developed by the Educational Testing Service, the Undergraduate Assessment Program (UAP) Area Examinations measure general knowledge in the three major areas of the liberal arts: Humanities, Natural Science, and Social Sciences. The three examinations assess the student's ability to grasp and apply basic concepts. Scores are reported in a range of 200-910. Both individual and group scores are available with comparisons available for several norming groups and also on certain sub scale or "indicator" scores.

TWO RIVERS TECHNICAL INSTITUTE

A CASE STUDY IN PERFORMANCE FUNDING

Nestled in the triangle formed by the confluence of the Little Hatchie and Copper Canyon rivers is the city of Blancherd. Among the higher education institutions of this city of 350,000 are a state university of 7,000 FTE students, The University of Heyward at Blancherd; a private medical school, Alexander Gifford Medical College, and Two Rivers Technical Institute.

Two Rivers Technical Institute (TRTI) is a public two-year institution offering associate and certificate programs in a variety of technologies. In an unusual arrangement, TRTI contracts for most of its general education work -- English, mathematics, certain natural and social sciences -- with The University of Heyward at Blancherd, a senior university located just four blocks from the campus of TRTI. Among the programs of TRTI are those in Architectural and Construction Technology, Banking and Business Technology, Computer and Information System Technology, Electronics and Electrical Systems Technology, and a cluster of programs in the allied health fields -- including programs in medical laboratory technology and medical instrumentation technology. TRTI also offers a highly respected program in Pre-Engineering, with a record of successful transfer of its students to the state's major engineering school at the University of Heyward.

Authorized by legislative act of 1965, TRTI is governed by the State Board of Education. The State Board of Education also operates six other technical institutes in the state. The Board of Visitors for Heyward operates the University of Heyward, six other campuses of the University of Heyward and a community college program of four campuses. A coordinating agency, the Heyward Council for Higher Education, has responsibility for preparing and recommending the budget each year for all institutions offering postsecondary degrees and for reviewing and acting on all proposals for new postsecondary degrees.

With a headcount enrollment of 3600 students (3100 FTE), TRTI offers a full range of studies in both the day and evening. Emerging from a period of rapid growth in the late 60's and early 70's, TRTI continues to experience moderate growth each fall, with notable achievement in the attraction -- and graduation -- of minority students. Traditionally, TRTI has successfully placed its graduates in a variety of business and industrial enterprises in the Blancherd metropolitan area. Twelve executive officers from local business and industry form a Citizens Advisory Council set up four years ago by President Ralph Beeman.

Institutional Goals

The mission of Two Rivers Technical Institute is defined in the following general goals:

(1) To prepare students for transfer to senior institutions in the fields of engineering and engineering technology.

(2) To prepare adults for employment as technicians in a variety of technical fields related to the business and industry of the Blancherd metropolitan area.

(3) To provide opportunities for adults to cross train into new career fields in the technologies.

(4) To provide opportunitites for adults to improve their competence in business and technical fields so that they may move to higher levels of responsibility.

(5) To serve the business and industrial enterprise of the Blancherd area by providing programs of preparation and continuing education and technical assistance.

The Performance Funding Allocation

For the past ten years, the Heyward Council for Higher Education has been utilizing an enrollment driven formula for the allocation of state funds among the institutions of higher education, including the technical institutes. This formula is essentially. an asking and allocation instrument and does not prescribe how funds must be applied at the institutional level once the institution receives its line item appropriation..

During the last two years, when enrollments have stabilized, the Council has adopted, on recommendation of its formula advisory committee, an enrollment projection method which is based on a three year moving average. This approach has the effect of easing the financial impact when a campus loses enrollment. The Council also makes provision for an annual inflation factor in using the enrollment formula and a separate factor for utilities and staff benefits, which for the most part cannot be fully controlled and managed by the institutions.

The economy of Heyward has shown healthy growth during recent years, even during years of mild recession in some other states. This stability and growth can be attributed to a highly diversified economy in the state. As enrollments have stabilized during more recent years, a number of improvements have been possible as the percentage of the state general fund going to higher education has remained steady at about 18%.

A sum of $800,000 has been included in the budget of the Council for Higher Education for the last three years, a fund designated as the Performance Funding Allocation. This fund is distributed each year on a competitive basis to selected institutions who participate in the Performance Funding Project by offering for evaluation projects relating to institutional mission and focusing on improvements in educational effectiveness and efficiency.

An important and different feature of the Performance Funding Project is that these funds are allocated for performance already demonstrated, for accomplishment rather than proposed activity. In other words, institutions must have already made an investment in a project and have presented the results to qualify for competition. Performance Funding Projects submitted by institutions are evaluated by a five member panel composed of representatives as follow:

(1) A lay member of the Heyward Council on Higher Education, elected by the other members.

(2) A member of the Heyward Legislature -- a member of the House

(3) and a member of the Senate appointed by their respective speakers.

(4) A member of the Heyward University Board of Visitors, elected by the Visitors.

(5) A member of the State Board of Education, elected by members of the Board.

The five members elect their own chairman.

Projects submitted are evaluated on the basis of these criteria:

(1) The extent to which the project contributes to the achievement of state goals as outlined in the last master plan for higher education as published by the Heyward Council on Higher Education in 1975.

(2) The extent to which the project emphasizes and supports the unique mission of the institution.

(3) The extent to which the project reflects the imagination and investment of the institution in providing public and definitive performance indicators of educational effectiveness, that reveal the institution's impact on students and community or improvement in operating effectiveness or efficiency.

(4) The extent to which the project offers potential for long range beneficial impact on the institution.

(5) The extent to which the project offers ideas that have transfer to other educational agencies.

The Performance Funding Panel can make no more than six awards each year. No single award can exceed more than one half of the authorized allocation of $800,000.

These awards flow to the selected institutions over and above their state appropriation and have only modest restrictions on their use. Funds cannot be applied for capital improvements or maintenance of facilities -- except in rare cases for revision of instructional facilities. In general, the funds are directed to the benefit of faculty. Though they cannot be used in base salary improvements, funds can be used for the award of one year salary bonuses. They can also be used to support faculty development programs, attraction of visiting scholars, and travel.

An Institutional Performance Index

Anticipating that Two Rivers Technical Institute might want to participate in the Performance Funding Project and submit a Performance Report, President Beeman had asked his institutional advisory council, previously mentioned and composed of leading Blancherd citizens, to work with institutional staff in the design of an Institutional Performance Index. The following indicators form that index:

(1) GPA Transfer Students - The grade point average of students transferring to senior institutions at the completion of 30 hours of work at the senior institution.

(2) Student Satisfaction Index - The expressed satisfaction of a random sample of currently enrolled students, taken in the spring term of each year. The index is the percentage of students indicating "satisfied" and "highly satisfied" on a four point scale -- where the two lower scale items are "dissatisfied" and "highly dissatisfied."

(3) Faculty Satisfaction Index - The expressed satisfaction of faculty, with the index being similar to that described for students. All faculty are included.

(4) Employer Satisfaction Index - The satisfaction expressed by employers of students graduating with associate degrees and entering full-time employment for the previous year. The index is similar to that described by students. However, the percentage marking the two top categories of "satisfaction" is multiplied by the percentage of employers returning the survey form after an initial and one follow-up mail contact.

(5) Graduate Skill Record - The percentage of graduating students who score above an absolute scale score of 74 on an assessment battery developed for TRTI by Academic Research Associates. The Graduate Skill Record is designed to measure the mastery of basic skills in writing, calculation, reasoning, economic and social literary, and speaking. The writing examination is an essay exam graded by alumni selected and paid by the testing company. The speaking exam is a five-minute video taped presentation also graded by alumni.

(6) Performance Auditor Rating - Each year the Two Rivers Citizen Advisory Council commissions an independent performance audit of TRTI. The audit includes a review of both fiscal and academic records and inquiry into the accuracy and care of policy administration in both fiscal and academic matters. The rating takes the form of a numerical assignment on a five point scale with 5 being best performance and 1 the lowest.

(7) Faculty Productivity - The number of semester credit hours produced per FTE faculty, with a base figure of 600 SCH for the academic year as base.

(8) Administrative Productivity - The percentage of E & G budget utilized for administration with a base figure of 14%.

To utilize these indicators in the development of an institutional performance index, the joint planning group set up base values and weights as found in the display below. Also given are values for each indicator for 1975 and 1976:

		Weight	Base Value	1975	1976
(1)	GPA Transfer	10	2.4	2.5	2.6
(2)	Student Satisfaction	10	75	80	78
(3)	Faculty Satisfaction	10	75	70	80
(4)	Employer Satisfaction	15	80	90	87
(5)	Graduate Skill Record	30	95	95	96
(6)	Performance Audit Rating	10	4.5	4.5	4.3
(7)	Faculty Productivity	5	800	650	620
(8)	Administrative Productivity*	10	14	12	11

*The percentage of administrative expense is subtracted from 100% to facilitate use in the index calculation.

The index figure for 1975 would be calculated as follows:

$$(10)\frac{(2.5)}{(2.4)} + (10)\frac{(80)}{(75)} + (10)\frac{(70)}{(75)} + (15)\frac{(90)}{(80)} + (30)\frac{(95)}{(95)} + \ldots$$

$$(10)\frac{(4.5)}{(4.5)} + (5)\frac{(650)}{(600)} \quad (10)\frac{(88)}{(86)} = 102.8$$

Thus, the 1975 institutional performance index of 102.8 represents an "improvement" over the base of 100, as does the performance of 103.6 calculated (but not shown) for the 1976 year.

Distribution of Performance Funding Allocation

For the current year, a Performance Funding Report was received from each of the institutions in Heyward. However, only five awards were made by the five member panel previously described. Among the five projects receiving awards was the Performance Index project submitted by TRTI. This year's award to TRTI was for $125,000, an amount allocated to the institution over and above its legislatively authorized appropriation of $5.25 million already approved for 1977-78.